35. (New) The method of claim 22 in which information in the confirmation is used as settlement instructions by at least one of the institution, broker, agent and interested parties to settle the trade.

36. (New) The method of claim 22 in which the confirmation is used as settlement instructions by at least one of the institution, broker, agent and interested parties to effect an exchange of funds and securities according to information in the confirmation.

## REMARKS

Reconsideration and allowance of the application are respectfully requested. Claims 1-36 are pending in this application. Claims 1, 9, 12, 13, 15, 21, 22, 29, and 31 have been amended without adding new matter. Claims 33-36 have been added without adding new matter.

Claims 9 and 15 were rejected under 35 U.S.C. § 112. Claims 1, 3-4, 6, 9-12, 14-20, 21-22, 24, 26, 29, 30, and 31 were rejected under 35 U.S.C. § 102(b) as being unpatentable over U.S. Patent No. 5,497,317 to Hawkins et al. ("*Hawkins*"). Claims 2, 5, 7, 8, 13, 23, 25, 27, and 32 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Hawkins*. It is respectfully submitted that the amendments to the claims and the remarks below address the Examiner's rejections. With the amendments and the clarifications provided in the remarks below it is respectfully submitted that the claims are in a condition for allowance.

I. **35 U.S.C. § 112 Rejections**

Claims 9 and 15 stand rejected under 35 U.S.C. § 112. The Examiner rejected claim 9 under 35 U.S.C. § 112 on grounds that there was insufficient antecedent basis for the limitation "matching." Applicants have amended claim 9 in response to this

10

rejection. Claim 9, as amended, includes the elements of:

> match the broker communication and the institution communication <u>by</u>
> <u>matching the data within a preselected set of the corresponding data fields</u>
> <u>in the broker and institution communications</u>.

Applicants respectfully submit the above amendment to claim 9 obviates any grounds for the § 112 rejection. Accordingly, withdrawal of the § 112 rejection to claim 9, as amended, is respectfully requested.

The Examiner rejected claim 15 under 35 U.S.C. § 112, on grounds that there is insufficient antecedent basis for the limitation "data base" in line 3. Applicants amended claim 15 per Examiner's suggestion. Applicants respectfully submit that the amendment in claim 15, which now reads in line 3, "at least one institution information data table", obviates the need for the Section 112 rejection. Accordingly, withdrawal of the § 112 rejection to claim 15 is respectfully requested.

## II.    <u>35 U.S.C. § 102(b) Rejections</u>

Claims 1, 3-4, 6, 9-12, 14-20, 21-22, 24, 26, 29, 30, and 31 stand rejected under 35 U.S.C. § 102(b) as being unpatentable over *Hawkins*. Applicants submit the claimed invention is patentable over *Hawkins* since *Hawkins* fails to disclose each and every element of the claimed invention. The claims listed above are not anticipated by *Hawkins* for at least the following reasons:

First, *Hawkins* in no way describes a system for matching, within a communications system, communications received from a broker and an institution, (such as a broker notice of order execution and an institution allocation message); and

Second, *Hawkins* in no way describes a system for generating within the communication system a trade confirmation which is made available at a central location,

*e.g.,* the processing computer of the claims, to all the parties involved in the trade settlement.

The elements of both matching and generating a confirmation within the communications system are recited in each of the above-referenced claims (as amended). It is respectfully submitted that because *Hawkins* does not describe these elements, *Hawkins* does not anticipate the claims.

1.      *Hawkins* in no way describes a system for matching, within a communications system, communications <u>received from a broker and an institution</u>

It is respectfully submitted that each of the claims which stand rejected by the Examiner recite a system component, means or method step for computerized matching of broker and institution communications as they are transmitted across the communication system, a process which, as explained below, is in no way described by or provided by *Hawkins*. For example:

- Claim 1, as amended, recites at lines 10-18: "a processing computer within the computer system, which is coupled to the standing instruction data base and which is configured to: . . . . iii. match, at the processing computer, the institution communication with the broker communication based on information contained in both communications."

- (Claims 3, 4 and 6 are dependent on claim 1 and also include this element of a processor coupled to a standing instruction database which is configured to match broker and institution communications.)

- Claim 9, as amended, recites a system for settlement with "a processing computer" configured, *inter alia,* to "(iii) match the broker communication and the institution communication" (*See* lines 10-12).

- (Claims 10 and 11 are dependent on claim 9 and also include this element of a computer configured for matching.)

- Claim 12, as amended, recites "a system for settlement of a securities trade" comprising a "processing computer" configured, *inter alia,* to:

  "(iii) match, at the processing computer, the institution communication with the broker communication based on information contained in both communications" (*See* lines 12-14).

- Claim 14 at lines 10-14 recites an apparatus comprising, *inter alia,* "a matching controller coupled to and within the trade confirmation communications system comprised to receive a trade communication containing order execution information from one of the parties and receive a communication containing a trade allocation information from one of the parties."

- (Claims 15-20 are dependent on claim 14 and also include this element of a matching controller).

- Claim 21 as amended recites "a system for executing post-trade communications" comprising, *inter alia,* "computer hardware and software means" to "match, at the computer hardware and software means, the institution communication."

- Claim 22 as amended recites a "method for operating a computer to execute communications necessary for settlement" comprising, *inter alia,* the step of "matching the institution communication with the broker communication based on information contained in both communications" (lines 8-10).

13

- (Claims 24 and 26 are dependent on claim 22 and also include this step of matching.

- Claim 29 as amended recites "a method for operating a computer to execute the communications necessary for settlement of a securities trade" comprising, *inter alia,* the step of "matching the institution communication with the broker communication based on information contained in both communications" (lines 12-14).

- Claim 31 as amended recites a "system for settlement for settlement of a securities trade by communication the details of the trade" comprising, *inter alia,* "a processing computer within the computer system, which is coupled to the standing instruction database and which is configured to . . . (iii) match, at the processing computer, the institution communication with the last broker communication based on information contained in both communications" (lines 10-20).

*Hawkins* in no way describes a system or method for the automatic matching of broker and institution communication within a communications system when the communications are received by the system. Instead of describing a system for such communications matching, *Hawkins* describes a system for exchanging communications in a round-robin fashion between broker, institution and other parties involved in trade settlement.

In the system of *Hawkins*, a broker transmits a communication of an order execution notice to an institution, upon the broker's execution of a trade (*e.g.* 30,000 shares of X, Y, Z Corp). Col. 7, lines 5-10. The broker's communication is input into the system of *Hawkins* and transmitted to the institution. However, during this transmission there is no attempt made to match the broker communication with any communication of the institution or any other third party. Instead, the communication system receives a

14

broker communication and then the system only embellishes that communication with additional broker delivery instructions from a database before transferring the communication to the institution. As is stated in *Hawkins* at col. 7, lines 14-20:

> Before receipt by institution 12, however, the broker identifier portion of the order execution notice 54 is used by central database 24 to retrieve, from delivery database 30 the broker delivery instruction set corresponding to the broker identifier. Central database 24 then transmits the retrieved broker delivery instructions together with the order execution notice, as indicated at box 55 to the named institution.

Thus, there is no means described within the system of *Hawkins* for matching broker order execution notices with institution allocation instructions within the communications system. In fact, in *Hawkins* the broker delivery instructions which are appended to the order execution notice were previously input into the system by the broker, not the institution. Col. 5, lines 12-16.

As the system of *Hawkins* does not itself match broker and institution communications, the institution and broker must themselves match communications using means that are not taught by the system. First, the institution must "[u]pon receipt of execution notice . . . transmit block allocation information comprising the number of shares and account identifier for each of the institutions' accounts or funds participating in the trade." (*See* col. 7, lines 33-36). The system described in *Hawkins* requires an institution to both wait until there is a broker communication received and then (using processing outside of the communication system, such as back office processing which may be coupled to but is not part of the system described in *Hawkins*; *See* col. 4, lines 45-65) match the received message by the broker with institution allocation information. For example an institution may, using means outside the *Hawkins* system, match by hand (or other non-computer means) the order execution notice received from the broker with the institution's original trade order (for example as described in *Hawkins*, the initial order for 30,000 shares of X, Y, Z stock). Based on the institution's initial matching it will transmit institution allocation information to the broker.

15

In addition, the institution message concerning institution allocation information must also be matched by the broker. As *Hawkins* describes:

> Brokers 14 match the allocation account and custodian delivery information to their log of executed trades to insure that they are properly recipients of the allocation information, and that they have received settlement instructions for each traded share. (Col 7, 52-56) [Emphasis Added]

As is shown from the above description, *Hawkins* requires that each broker maintain its own log of executed trades, (at some location outside of the communication system) and that each broker, on its own, (through human, computer or other means) match the information contained in the institution communication with information in this extra-system log. It is respectfully submitted that matching of trade communications that is recited in the above-referenced claims of the present invention where, within the communications system, the communications of both the broker and the institution are automatically stored and matched, is not anticipated by the system of *Hawkins* where the institution or broker must follow the communications sequence indicated by *Hawkins* and perform matching of communications outside of the communications system.

Reconsideration of the claims based on the above is respectfully requested. Because *Hawkins* does not describe a system for matching communications within the communications system, *Hawkins* does not anticipate Applicants' claims. Thus, it is respectfully submitted that rejected claims 1, 3-4, 6, 9-12, 14-20, 21-22, 24, 26, 29, 30, and 31 are now in a conditions for allowance.

2.      *Hawkins* in no way describes a system for generating at a centralized location a trade confirmation which is made available to all the parties in trade settlement

In addition to the above, and as a separate basis for traversing the rejection of claims 1, 3-4, 6, 12, 14-20, 21-22, 24, 26, 29, 30, and 31 under 35 U.S.C. §102(b), it is respectfully submitted that the above-referenced claims which stand rejected by the

16

Examiner recite (as amended) system components, means or method steps for generating a confirmation message within the communication system (after a match of broker and institution communications) and/or making that confirmation available at a central location (*e.g.*, the processing computer of the claims) within the system to the parties of the trade (*e.g.* institution, broker, agent, and interested third parties). Such a system and/or process, as explained below, is in no way described by *Hawkins*. In the submitted claims it is noted that:

- Claim 1, as amended, recites in lines 19-28, a processor configured to:

  vi.  if there is a match, generate a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database; and

  vii.  make available, from the processing computer, the confirmation as a communication to the institution, broker, agent and interested parties for the exchange of money and securities to settle the trade.

- (Claims 3, 4 and 6 are dependent on claim 1 and also include the element of a processor configured to generate a confirmation based on a matched communication and make that confirmation available to the institution, broker, agent and interested parties)

- Claim 12, as amended, recites, *inter alia,* "a system for settlement of a securities trade" comprising a "processing computer" configured to:

  "vii.  if there is a match, generate a confirmation for the trade based on information contained in the broker communication and information contained in the institution communication; and

viii. make available, from the processing computer, the confirmation as a communication to the institution, broker, agent and interested parties for the settlement of the trade." (lines 15-21).

- Claim 14 at lines 15-18 recites, *inter alia,* a "trade confirmation communications system" comprised to "generate a confirmation based on information within the received communication and information stored within the standing instruction database."

- (Claims 15-20 are dependent on claim 14 and also include this element of a matching controller).

- Claim 21 as amended recites, *inter alia,* "a system for executing post-trade communications" comprising "computer hardware and software means" for:

    "d. if there is a match, generating a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication; and

    e. making available, from the computer hardware and software means, the confirmation as a communication to the institution, broker, agent and interested parties for the exchange of money and securities to settle the trade." (*See* lines 19-25).

- Claim 22 as amended recites, *inter alia,* a "method for operating a computer to execute communications necessary for settlement" comprising the steps of "if there is a match, generating a confirmation for the trade . . ." and "making available, from a central location, the

confirmation as a communication to the institution, broker, agent and
interested parties . . ." (lines 11-16).

- (Claims 24 and 26 are dependent on claim 22 and also include this steps of generating a confirmation and making such a confirmation widely available to the parties involved in trade settlement).

- Claim 29 as amended recites, *inter alia,* "a method for operating a computer to execute the communications necessary for settlement of a securities trade" comprising the steps of "if there is a match, generating a confirmation for the trade . . ., and "making available, from a central location, the confirmation as a communication to the institution, broker, agent and interested parties" (lines 15-21).

- Claim 31 as amended recites, *inter alia,* a "system for settlement for settlement of a securities trade by communication the details of the trade" comprising "a processing computer within the computer system, which is coupled to the standing instruction database and which is configured to "if there is a match, generate a confirmation for the trade based on information contained in the last broker communication, information contained in the institution communication and information stored in the standing instructions database" and "make available, from the processing computer, the confirmation as a communication to the institution, broker, agent and interested parties . . ." (lines 21- 27).

*Hawkins* does not describe a system or method for automatic generation of a confirmation within a communications system and then the communication of the confirmation from a central source to all parties to the transaction, such as the institution, broker, agent and interested parties. Instead of providing a single source for the generation and distribution of confirmation information, *Hawkins* describes a system

where, first, a confirmation is generated by one of the parties -- the broker -- outside of the communication system and, second, the confirmation information is provided, again in round-robin fashion, to the transaction parties as follows: the broker first transmits the confirmation to the institution (and the institution must check and confirm the data) and then the institution, in a separate communication, transmits the confirmation to other _parties such as custodians (or agents).

*Hawkins* makes clear that the broker, not the communication system itself, generates a confirmation, providing at col. 7, lines 57-59 that "brokers 14 transmit confirmation messages to the institution's acronym for each allocation." The confirmation generated by the broker in *Hawkins* is apparently based on the broker's use of information found in both the institution's allocation instruction and the broker's own "log of executed trades." *See* col. 7, lines 52-55. The broker's log of executed trades is not part of the communications system, and *Hawkins* teaches no description of the information that would be contained in such a log or how a broker would create the confirmation message. *Hawkins* requires that the broker, on its own, (through human, computer or other means) generate the confirmation. Thus, the process of generating a confirmation message within a communication system that is external to the broker or institution is not taught by *Hawkins*.

In addition *Hawkins* does not provide for the distribution of the confirmation from a central location within the communications system. In *Hawkins*, a broker transmits its confirmation message to the institution. Col. 7, supra. In *Hawkins*, the institution, then must "receive and review" the confirmation message, "especially the financial portions concerning total funds to settle the trade." Col. 7, lines 62-63. Further, before any trade settlement an institution using *Hawkins* must:

"transmit a message 64 back to the broker's acronym either
affirming or rejecting the trade" (col. 7, lines 63-64)

and additionally, after the trade has been affirmed the institution must also:

20

"use communication link 19 to inform custodians 16 of the trade and provide them with the trading broker's delivery instructions for settlement" (col. 8, lines 59-60).

The round-robin exchange of messages described above shows that *Hawkins* does not provide for the generation of a confirmation and the communication of that confirmation from a central location within the communication system to the parties of a trade. *Hawkins* also provides a system where a relatively high number of communications are needed between broker, institution and other parties in order to settle a trade without error. It is an aspect of the present invention that a system be provided to reduce the number of communications needed in trade settlement but still maintain accuracy in trade settlement. The ability to settle a trade accurately and with fewer communications is facilitated, *inter alia,* by the elements such as the matching within the communications system of broker and institution communications, the automatic generation of a confirmation within the system and the communication of that confirmation to all parties from a centralized source. As stated in the application of the present invention:

> [T]he present invention provides an enhanced matching apparatus and method to complete trade confirmation in fewer steps than the prior art while maintaining the same level of reliability. The present invention matches data fields in a specially constructed NOE with data fields in a specially constructed institution instruction to generate a "matched confirmation" in two steps. In this system, a matched confirmation can be automatically generated by the computer system upon a correct match. Thus, the subsequent steps of a broker or computer-generated confirmation and then affirmation are no longer needed.

Accordingly, in addition to the aspect of matching described above (which is not described in *Hawkins*), it is respectfully submitted that *Hawkins* does not provide for either the generation of a confirmation within the communications system, or the communication of that confirmation to all of the parties to the trade from a central location. Those two additional elements are recited (as system components, method steps

21

or means) in claims 1, 3-4, 6, 12, 14-20, 21-22, 24, 26, 29, 30, and 31. As *Hawkins* does not recite such elements, it cannot anticipate those claims under 35 U.S.C. §102(b). Accordingly, it is again submitted that the claims as currently amended are in a condition for allowance and reconsideration is respectfully requested.

**III.        35 U.S.C. § 103(a) Rejections**

Claims 2, 5, 7, 8, 13, 23, 25, 27, and 32 stand as rejected under 35 U.S.C. § 103(a) as being unpatentable over *Hawkins*. It is noted that each of claims 2, 5, 7-8, 23, 25, 27, and 32 depend from claims 1, 4, 6, 22, 24, 26, and 32 (respectively) and include all of the elements recited in claims 1, 4, 6, 22, 24, 26, and 32.

As noted in Section II above, *Hawkins* does not teach all of the elements of claims 1, 4, 6, 22, 24, 26 and 32, at least for reasons that: (1) *Hawkins* does not describe a system for matching of communications received from a broker and an institution; and/or (2) *Hawkins* does not describe a system for generating at a centralized location a trade confirmation which is made available to all the parties in trade settlement.

It is also respectfully submitted that *Hawkins* in no way teaches or suggests any such elements. In *Hawkins*, the number communications required for accurate trade settlement between institution and broker, and then between institution and custodian (agent) is relatively high. Elements in claims 1, 4, 6, 22, 24, 26 and 32 for the matching of broker and institution communications within the communications system, and for the generation and distribution of a confirmation within the communications system, help to create a system where fewer communications are needed. The fewer communications increase speed and lessen the risk of trade failure. There is no provision in *Hawkins* which teaches or suggests the speeding of trade settlement by lessening the number of needed communications and providing for the generation of matches and confirmations within the communication system itself.

22

Thus, the independent claims 1, 4, 6, 22, 24, 26, and 32 are not obvious in light of *Hawkins*. Accordingly, and for at least this reason the respective dependent claims 2, 5, 7-8, 23, 25, 27, and 32 also cannot be considered obvious under 35 U.S.C. §103(a).

In addition, claim 13 (as amended) stands as rejected under 35 U.S.C. § 103(a) as being obvious in light of *Hawkins*. Claim 13 (as amended), like other claims in the application recites elements of matching and confirmation generation. Claim 13 (as amended) recites, in part, "a computer processor which compares the data within data fields of the institution communication and if the data matches, generates a confirmation for the trade and makes available from the computer processor that confirmation to the institution, broker, agent and interested parties. . ." It is respectfully submitted that *Hawkins* does not disclose a computer processor within the communications system which compares data within broker and institution communications, generates a confirmation and makes that confirmation available to the parties of the trade settlement.

As noted above in Section II of this Amendment, a broker's communication (an order execution notice) is input into the system of *Hawkins* and transmitted to the institution. However, during this transmission there is no attempt made by the communications system to match the broker communication with an institution communication. Instead, as noted above, the system of *Hawkins* receives a broker communication and the system only embellishes that communication with additional broker deliver instructions from a database (instructions previously input by the broker), before the communication is transferred to the institution.

Further, as noted above in Section II of this Amendment, the communication system described in *Hawkins* does not automatically generate a confirmation. In the system of *Hawkins*, the broker generates a confirmation using information from outside of the communication system). Additionally, in the system of *Hawkins* the confirmation communication is not made available to all parties from a

23

central location. (Instead, in *Hawkins* the broker transmits a confirmation to an institution for affirmation and thereafter, the institution further distributes the confirmation information to other parties to the trade settlement.)

Thus Applicants respectfully submit that *Hawkins* does not disclose a computerized communications system, with a processor within the communications system to match broker communications with institution communications to generate confirmations. In addition, *Hawkins* does not teach or suggest any such elements. Thus, and for at least this reason, as claim 13 (as amended) is not obvious light of *Hawkins*, and thus should not be rejected under 35 U.S.C. §103(a).

Accordingly, Applicants respectfully request that the Examiner's rejection of claims 2, 5, 7, 8, 13, 23, 25, 27, and 32, under 35 U.S.C. §103(a) be withdrawn. Reconsideration is respectfully requested.

## CONCLUSION

In conclusion, Applicants respectfully submit the claimed invention is patentable under 35 U.S.C. § 112. Applicants respectfully submit the claimed invention is patentable under 35 U.S.C. § 102(b) over *Hawkins*, since this reference does not disclose every element of the claimed invention. Applicants respectfully submit the claimed invention is also patentable under 35 U.S.C. § 103(a) in light of *Hawkins*, because there is no basis for rendering the claimed invention obvious in view of this reference.

24

Applicants respectfully submit that all outstanding rejections have been overcome. Accordingly, all pending claims 1-36 are in a condition for allowance. Prompt reconsideration and allowance of the present application are therefore requested.

The Commissioner is hereby authorized to charge any additional fees that may be due on this application to Deposit Account No. 11-0600. If the Examiner has any questions relating to the present application, he is respectfully requested to telephone the undersigned.

Respectfully submitted,
KENYON & KENYON

Dated: 5/10/99 , 1999

By: _Caleb Pollack_
Caleb Pollack
Reg. No. 37,912

KENYON & KENYON
One Broadway
New York, NY 10004

Tel.: 212-908-6493
Fax: 212-425-5288

75709-2